

**ADHESIVE SPECIALITIES LIMITED**  
**ABBREVIATED FINANCIAL STATEMENTS**  
**YEAR ENDED**  
**31ST MARCH 2004**



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# **ADHESIVE SPECIALITIES LIMITED**

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**ADHESIVE SPECIALITIES LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

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<b>The board of directors</b>	Mr R.S. Goddard Mrs V. Goddard Mr B. J. Gibson Mr S.W. Gibson Mr A. Nicholson
<b>Company secretary</b>	Mrs V. Goddard
<b>Registered office</b>	124/130 Seymour Place London W1H 1BG
<b>Auditors</b>	bright grahame murray Chartered Accountants & Registered Auditors 124/130 Seymour Place London W1H 1BG

# **ADHESIVE SPECIALITIES LIMITED**

## **THE DIRECTORS' REPORT**

**YEAR ENDED 31ST MARCH 2004**

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The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2004.

### **Principal Activities and Review of the Business**

The company's principal activity continued to be the manufacture, processing and wholesaling of adhesive tapes.

The directors are satisfied with the results for the year and the state of affairs of the company at the balance sheet date.

### **Results and Dividends**

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Dividends paid on ordinary shares	<b><u>500,000</u></b>	<b><u>—</u></b>

### **Directors**

The directors who served the company during the year are listed on page 1.

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

### **Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 7 to 8, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **ADHESIVE SPECIALITIES LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

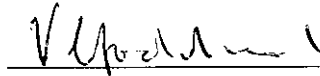
**YEAR ENDED 31ST MARCH 2004**

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### **Auditors**

A resolution to re-appoint bright grahame murray as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors

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Secretary

Approved by the directors on .....4.11.05.....

# **ADHESIVE SPECIALITIES LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE COMPANY**

### **PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

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We have examined the abbreviated accounts on pages 5 to 15, together with the financial statements of the company for the year ended 31st March 2004 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective Responsibilities of the Directors and the Auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.


#### **Basis of Opinion**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

#### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 15 are properly prepared in accordance with those provisions.

124/130 Seymour Place  
London  
W1H 1BG

  
**bright grahame murray**  
**Chartered Accountants**  
**& Registered Auditors**

10th January 2005

**ADHESIVE SPECIALITIES LIMITED**  
**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31ST MARCH 2004**

	Note	2004 £	2003 £
<b>Gross Profit</b>		<b>3,072,264</b>	<b>3,143,610</b>
Distribution costs		<b>607,020</b>	650,133
Administrative expenses		<b>2,157,612</b>	2,486,130
<b>Operating Profit</b>	2	<b>307,632</b>	7,347
Cost of restructuring the company		—	(321,226)
		<b>307,632</b>	(313,879)
Interest receivable		<b>65,411</b>	87,914
Interest payable	5	(55,750)	(50,241)
<b>Profit/(Loss) on Ordinary Activities Before Taxation</b>		<b>317,293</b>	(276,206)
Tax on profit/(loss) on ordinary activities	6	<b>58,211</b>	(31,014)
<b>Profit/(Loss) on Ordinary Activities after Taxation</b>		<b>259,082</b>	(245,192)
Dividends	7	<b>500,000</b>	—
<b>Loss for the Financial Year</b>		<b>(240,918)</b>	(245,192)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 15 form part of these abbreviated accounts.

# ADHESIVE SPECIALITIES LIMITED

## ABBREVIATED BALANCE SHEET

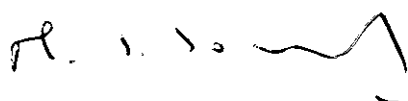
31ST MARCH 2004

	Note	2004 £	2003 £
<b>Fixed Assets</b>			
Tangible assets	8	939,359	1,045,342
<b>Current Assets</b>			
Stocks	9	1,267,322	1,559,558
Debtors	10	1,934,960	1,921,738
Cash at bank and in hand		636	1,028
		<u>3,202,918</u>	<u>3,482,324</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>2,350,515</u>	<u>2,338,339</u>
<b>Net Current Assets</b>		<u>852,403</u>	<u>1,143,985</u>
<b>Total Assets Less Current Liabilities</b>		<u>1,791,762</u>	<u>2,189,327</u>
<b>Creditors: Amounts falling due after more than one year</b>	12	<u>25,804</u>	<u>75,521</u>
		<u>1,765,958</u>	<u>2,113,806</u>
<b>Provisions for Liabilities and Charges</b>			
Deferred taxation	15	62,747	33,058
Other Provisions	16	15,000	151,619
		<u>1,688,211</u>	<u>1,929,129</u>
<b>Capital and Reserves</b>			
Called-up equity share capital	18	1,200,000	1,200,000
Revaluation reserve		253,009	253,009
Profit and loss account	19	235,202	476,120
<b>Shareholders' Funds</b>	20	<u>1,688,211</u>	<u>1,929,129</u>

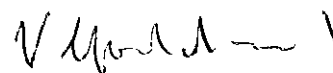
These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on the 4.11.05 and are signed on their behalf by:

Director



Director



The notes on pages 7 to 15 form part of these abbreviated accounts.



# **ADHESIVE SPECIALITIES LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS**

**YEAR ENDED 31ST MARCH 2004**

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### **1. Accounting Policies**

#### **Basis of Accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

#### **Cash Flow Statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

#### **Fixed Assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	5% to 10% p.a. on a straight line basis
Fixtures & Fittings	-	25% on a reducing balance basis
Motor Vehicles	-	15% to 25% p.a. on a reducing balance basis
Computer Equipment	-	20% p.a. on a straight line basis

The company's policy is to write off the book value of each tangible asset over its estimated remaining life. Reviews are made periodically of the estimated remaining useful lives of individual productive assets, taking into account commercial and technological obsolescence as well as normal wear and tear.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

#### **Work in Progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

# ADHESIVE SPECIALITIES LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2004

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### 1. Accounting Policies *(continued)*

#### Hire Purchase Agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

#### Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### Pension Costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

#### Deferred Taxation

Full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date. Provision is made for future taxation on gains on revalued assets only where a binding agreement to dispose of the asset exists at the year end. Deferred tax assets are only recognised to the extent that the Directors consider that it is more likely than not there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

#### Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

### 2. Operating Profit

Operating profit is stated after charging/(crediting):

	2004 £	2003 £
Depreciation of owned fixed assets	98,398	100,693
Depreciation of assets held under hire purchase agreements	30,355	28,167
Auditors' remuneration		
- as auditors	17,000	16,500
- for other services	6,117	21,247
Operating lease costs:		
Land and buildings	<u>211,775</u>	<u>236,763</u>

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**ADHESIVE SPECIALITIES LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31ST MARCH 2004**

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**3. Particulars of Employees**

The average number of staff employed by the company during the financial year amounted to:

	2004	2003
	No	No
Number of production staff	39	42
Number of selling and distribution staff	51	55
Number of office and administrative staff	9	13
	<u>99</u>	<u>110</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	1,527,661	1,693,561
Social security costs	136,324	116,758
Other pension costs	32,196	32,827
	<u>1,696,181</u>	<u>1,843,146</u>

**4. Directors' Emoluments**

The directors' aggregate emoluments in respect of qualifying services were:

	2004	2003
	£	£
For management services	224,834	113,327
Value of company pension contributions to money purchase schemes	7,595	—
	<u>232,429</u>	<u>113,327</u>

**Emoluments of highest paid director:**

	2004	2003
	£	£
Total emoluments (excluding pension contributions)	<u>62,618</u>	<u>19,594</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2004	2003
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

**ADHESIVE SPECIALITIES LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31ST MARCH 2004**

**5. Interest Payable and Similar Charges**

	2004 £	2003 £
Interest payable on bank borrowing	49,651	37,015
Finance charges	6,099	13,236
Interest on other loans	—	(10)
	<u>55,750</u>	<u>50,241</u>

**6. Taxation on Ordinary Activities**

**(a) Analysis of charge in the year**

	2004 £	2003 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2003 - 19%)	28,522	—
Total current tax	28,522	—
Deferred tax:		
Origination and reversal of timing differences	29,689	(31,014)
Tax on profit/(loss) on ordinary activities	<u>58,211</u>	<u>(31,014)</u>

**(b) Factors affecting current tax charge**

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 19%).

	2004 £	2003 £
Profit/(loss) on ordinary activities before taxation	317,293	(276,206)
Profit/(loss) on ordinary activities by rate of tax	95,188	(50,396)
Capital allowances in excess of depreciation	2,462	(3,439)
Group relief	—	22,585
Trading losses	(52,630)	31,250
Marginal relief	(16,498)	—
Total current tax (note 6(a))	<u>28,522</u>	<u>—</u>

**7. Dividends**

The following dividends have been paid in respect of the year:

	2004 £	2003 £
Dividend paid on ordinary shares	<u>500,000</u>	<u>—</u>

# ADHESIVE SPECIALITIES LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

### YEAR ENDED 31ST MARCH 2004

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#### 8. Tangible Fixed Assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Total £
<b>Cost or Valuation</b>					
At 1 April 2003	900,893	159,017	150,437	225,194	1,435,541
Additions	26,347	—	—	400	26,747
Disposals	(2,250)	—	(27,213)	—	(29,463)
<b>At 31 March 2004</b>	<u>924,990</u>	<u>159,017</u>	<u>123,224</u>	<u>225,594</u>	<u>1,432,825</u>
<b>Depreciation</b>					
At 1 April 2003	57,062	134,876	61,594	136,667	390,199
Charge for the year	60,934	6,273	19,767	41,779	128,753
On disposals	(2,250)	—	(23,236)	—	(25,486)
<b>At 31 March 2004</b>	<u>115,746</u>	<u>141,149</u>	<u>58,125</u>	<u>178,446</u>	<u>493,466</u>
<b>Net Book Value</b>					
<b>At 31 March 2004</b>	<u>809,244</u>	<u>17,868</u>	<u>65,099</u>	<u>47,148</u>	<u>939,359</u>
At 31 March 2003	<u>843,831</u>	<u>24,141</u>	<u>88,843</u>	<u>88,527</u>	<u>1,045,342</u>

Plant and machinery has been revalued by the directors at 31 March 2002, based on their estimate of current market value. The directors are not aware of any material change in value at 31 March 2004 and therefore the valuation has not been amended.

# ADHESIVE SPECIALITIES LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2004

### 8. Tangible Fixed Assets *(continued)*

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2004 £	2003 £
<b>Net book value at end of year</b>	<b><u>802,897</u></b>	<b><u>843,831</u></b>
<b>Historical cost:</b>		
At 1 April 2003	980,434	936,708
Additions year	26,347	60,118
Disposals in year	(2,463)	(16,392)
At 31 March 2004	<b><u>1,004,318</u></b>	<b><u>980,434</u></b>
<b>Depreciation:</b>		
At 1 April 2003	377,964	333,967
On disposals	(1,231)	(5,844)
Charge for year	50,021	49,841
At 31 March 2004	<b><u>426,754</u></b>	<b><u>377,964</u></b>
<b>Net historical cost value:</b>		
At 31 March 2004	<b><u>577,564</u></b>	<b><u>602,470</u></b>
At 1 April 2003	<b><u>602,470</u></b>	<b><u>602,741</u></b>

#### Hire purchase agreements

Included within the net book value of £939,359 is £299,064 (2003 - £329,419) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £30,355 (2003 - £28,167).

### 9. Stocks

	2004 £	2003 £
Raw materials	260,597	496,893
Work in progress	139,594	204,356
Finished goods	867,131	858,309
	<b><u>1,267,322</u></b>	<b><u>1,559,558</u></b>

### 10. Debtors

	2004 £	2003 £
Trade debtors	1,420,853	1,280,741
Amounts owed by group undertakings	479,060	606,160
Other debtors	—	892
Prepayments and accrued income	35,047	33,945
	<b><u>1,934,960</u></b>	<b><u>1,921,738</u></b>

# ADHESIVE SPECIALITIES LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2004

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### 11. Creditors: Amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	723,365	487,557
Hire purchase agreements	49,718	87,019
Trade creditors	1,244,008	1,438,507
Corporation tax	28,522	—
Other taxes and social security	165,790	236,380
Other creditors	5,204	5,391
Directors current accounts	52,395	32,547
Accruals and deferred income	81,513	50,938
	<u>2,350,515</u>	<u>2,338,339</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company.

### 12. Creditors: Amounts falling due after more than one year

	2004 £	2003 £
Hire purchase agreements	<u>25,804</u>	<u>75,521</u>

### 13. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows:

	2004 £	2003 £
Amounts payable within 1 year	49,718	87,019
Amounts payable between 2 to 5 years	25,804	75,521
	<u>75,522</u>	<u>162,540</u>

### 14. Pensions

The company operates a defined contribution pension scheme for the benefit of certain directors and senior employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £32,196(2003 - £32,827).

Mr B. Gibson and Mr.A.Nicholson are members of the company's pension scheme.

**ADHESIVE SPECIALITIES LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31ST MARCH 2004**

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**15. Deferred Taxation**

	2004 £	2003 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	33,058	64,072
Profit and Loss Account movement arising during the year	<u>29,689</u>	<u>(31,014)</u>
Provision carried forward	<u>62,747</u>	<u>33,058</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2004 £	2003 £
Excess of taxation allowances over depreciation on fixed assets	62,747	64,307
Tax losses available	<u>—</u>	<u>(31,249)</u>
	<u>62,747</u>	<u>33,058</u>

**16. Other Provisions**

	2004 £
<b>Other provisions - restructuring:</b>	
Balance brought forward	151,619
Movement for year	<u>(136,619)</u>
	<u>15,000</u>

**17. Contingent Liabilities**

The company has guaranteed borrowings of its parent undertaking at 31st March 2004 totalling £518,889(2003 - £663,153).

**18. Share Capital**

**Authorised share capital:**

	2004 £	2003 £
1,200,000 Ordinary shares of £1 each	<u>1,200,000</u>	<u>1,200,000</u>

**Allotted, called up and fully paid:**

	2004 No	£	2003 No	£
Ordinary shares of £1 each	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>



# ADHESIVE SPECIALITIES LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2004

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### 19. Profit and Loss Account

	2004 £	2003 £
Balance brought forward	476,120	721,312
Accumulated loss for the financial year	(240,918)	(245,192)
Balance carried forward	<u>235,202</u>	<u>476,120</u>

### 20. Reconciliation of Movements in Shareholders' Funds

	2004 £	2003 £
Profit/(Loss) for the financial year	259,082	(245,192)
Dividends	(500,000)	—
	<u>(240,918)</u>	<u>(245,192)</u>
Opening shareholders' equity funds	<u>1,929,129</u>	<u>2,174,321</u>
Closing shareholders' equity funds	<u>1,688,211</u>	<u>1,929,129</u>

### 21. Ultimate Parent Undertaking

The immediate parent undertaking is Adhesive Specialties (Holdings) Ltd and the ultimate parent undertaking is Adhesive Specialties (Group) Ltd, both of which are registered in England and Wales.

Accounts of the ultimate parent undertaking are available from the registered office of that company.

The company is controlled by R.S. Goddard, the Chairman and Finance Director.